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CC Docket No. 98-171

FEDERAL COMMUNICATIONS COMMISSION
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On March 14, 2001, the FCC released an Order⁶ that modified the contribution methodology for the universal service support mechanisms by reducing the interval between the accrual of revenues and the assessment of universal service contributions based on those revenues. Under the revised methodology, carriers will continue to file Form 499-A in April to report their annual revenues from the prior year. The data from this annual revenue collection will continue to be distributed to each of the program administrators. In addition, carriers will file quarterly the new Form 499-Q to report their revenues from the prior quarter. The quarterly revenue data will be used for the calculation of contributions for the universal service support mechanisms. Based on the *Revenue Base Change Order*,⁷ the program administrators recommend that the Commission approve a revised cost allocation methodology to ensure that costs are appropriately allocated to each mechanism.

REVISED COST ALLOCATION

Under the revised methodology the number of data collections increases from two to five each year. The program administrators believe that an equitable sharing of costs would result from seventy-six percent (76%) of the cost being borne by USAC, with each of the other program administrators being assigned eight percent (8%) of the DCA costs. While other cost allocation methodologies might produce a more precise assignment of cost to each mechanism, the program administrators believe that the time associated with development of such a mechanism and the review of the results generated by such a process would be more constructively spent in carrying out their programmatic responsibilities. Further, while the universal service support mechanism is responsible for the increased workload, the other mechanisms will receive a small benefit from the increased collections. In addition, USAC

Number Portability, and Universal Service Support Mechanisms, Order, CC Docket No. 98-171 (rel. Aug. 1, 2000).


⁶ Federal-State Joint Board of Universal Service, Report and Order and Order on Reconsideration, FCC 01-85, CC Docket No. 96-45 (rel. Mar. 14, 2001) (*Revenue Base Change Order*).


should pay the entirety of any system or other extra-ordinary or one-time costs associated with instituting the more frequent collection of carrier revenue data. Any other extra-ordinary costs that might need to be incurred (e.g. system modifications) would require prior agreement of the program administrators.


CONCLUSION

The undersigned parties agree that the cost allocation methodology described herein represents a straightforward process for the continued successful implementation of the Commission's Streamlined Contributor Reporting Requirements.

Respectfully Submitted,


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On October 19, 1999, Neustar (the local number portability administrator),² the North American Numbering Plan Billing and Collection Agent ("NBANC"), the National Exchange Carrier Association, Inc. ("NECA") (the Telecommunications Relay Services Fund administrator), and the Universal Service Administrative Company ("USAC") (the federal Universal Service Fund administrator), collectively referred to as "the program administrators", submitted a filing pursuant to the Commission's July 14, 1999 Order.³ The program administrators recommended that a central data collection agent would be the most efficient and cost-effective vehicle for implementing the Commission's consolidated revenue data collection procedures and proposed a simple allocation methodology to equitably distribute costs among the four mechanisms by assigning two-fifths of the DCA costs to USAC, with each of the other program administrators being assigned one-fifth of the DCA's costs. Subsequently, the program administrators submitted a supplemental joint filing recommending the Commission designate USAC as the entity responsible for administration, processing and management of future filings of the Telecommunications Reporting Worksheet and for the distribution of essential contributor revenue data to the program administrators.⁴ On August 1, 2000, the Commission adopted an Order designating USAC as the entity responsible for the consolidated worksheet data collection and approving the recommended cost allocation methodology.⁵ The Commission also approved the proposed cost allocation methodology.

² On November 17, 1999, the FCC released an order approving the request of Lockheed Martin IMS to transfer the numbering functions to Neustar. See Request of Lockheed Martin Corporation and Wurburg, Pincus & Co. for Review of the Transfer of the Lockheed Martin Communications Industry Services Business, Order, CC Docket No. 92-237 (rel. Nov. 17, 1999).

³ *Joint Submission of Program Administrators Regarding Consolidated Data Collection Procedures and Cost Allocation Methodology*, CC Docket 98-191 (filed Oct. 19, 1999) (Joint Submission).

⁴ *Supplemental Joint Submission of Program Administrators Regarding Consolidated Data Collection Procedures and Cost Allocation Methodology*, CC Docket 98-171 (filed May 13, 2000) (*Supplemental Joint Submission*).

⁵ 1998 Biennial regulatory Review -- Streamlined Contributor Reporting Requirements Associated with Administration of the Telecommunications Relay Services, North American Numbering Plan, Local Consolidated Data Collection Procedures & Cost Allocation Methodology
Lockheed Martin-IMS, NBANC
NECA, and USAC